

Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No.: 04 of 2019

In the matter of:

Petition to extend the control period of the benchmark capital cost & generic tariff as declared by the Commission vide its order dated 06.09.2018, upto March, 2020 for upcoming Solar PV Power Plants (cumulative capacity of 200 MW).

In the matter of:

Uttarakhand Renewable Energy Development Agency ... Petitioner

AND

In the matter of:

Uttarakhand Power Corporation Ltd. ... Respondent

CORAM

Shri Subhash Kumar Chairman

Date of Hearing: January 22, 2019

Date of Order: February 01, 2019

This Order relates to the Petition filed by Uttarakhand Renewable Energy Development Agency (hereinafter referred to as "UREDA" or "Petitioner") under the provisions of Regulation 9, 10 and 54 of the UERC (Conduct of Business) Regulation 2014 and Regulations 11, 12, 51 and 52 of the UERC (Tariff And Other Terms for Supply of Electricity from Non-conventional and Renewable Energy Sources and non-fossil based Co-generation stations) Regulations, 2018 (hereinafter referred to as "RE Regulations, 2018"), to extend the Control Period of benchmark capital cost & generic tariff as determined by the Commission for solar energy based power projects vide its RE Regulation notified on 06.09.2018 for FY 2018-19, upto March, 2020 for upcoming Solar PV Power Plants (cumulative capacity 200 MW).

1. Background & Submission

- 1.1 The Petitioner has filed the present Petition dated 10.12.2018 seeking approval to extend the control period of the benchmark capital cost & generic tariff as determined by the Commission vide RE Regulations, 2018 for solar energy based power projects for FY 2018-19, upto March 2020 for upcoming Solar PV Power Plants (cumulative capacity of 200 MW).
- 1.2 The Petitioner submitted that the Government of Uttarakhand has issued Uttarakhand Solar Energy Policy, 2013 on 27.06.2013 and amendment thereto on 26.09.2018. Solar energy based power projects are proposed to be setup under four categories in the Solar Energy Policy, 2013 one of which is reserved for State Discom, i.e. Uttarakhand Power Corporation Limited (UPCL), for meeting its Renewable Purchase Obligation (RPO) wherein the solar power projects are selected through the tariff based competitive bidding process. Further, as per the said policy, the solar energy projects upto 5 MW shall be allotted only in the hilly areas of the state and shall be reserved for the permanent residents of the state of Uttarakhand.
- 1.3 The Petitioner submitted that UPCL has requested UREDA for arrangement of 200 MW Solar Power in accordance with the provisions of Solar Energy Policy, 2013 to achieve the Renewable Purchase Obligation as specified by the Commission from time to time.
- 1.4 The Petitioner submitted that based on the request of UPCL and provisions of Solar Energy Policy, 2013 as amended from time to time, UREDA has prepared the Request for Proposal (RfP) for selection of Developer(s) for setting of 200 MW cumulative capacity Grid Connected Solar PV Power Plants in the Hilly region of Uttarakhand and the selection of the developers is proposed to be done through the tariff based competitive bidding process.
- 1.5 The Petitioner submitted that the tariff determined by the Commission for solar energy based power plant for FY 2018-19 has been taken as base rate for the reverse tariff bidding in proposed RfP. The Petitioner also submitted that the RfP was proposed to be published in the month of December, 2018 and after following the due process for selection of the developers, the projects would be allotted to selected developers by March, 2019. The tentative time schedule for completing the bidding process is as follows:

S. No.	Event	Tentative Schedule
1.	Date of issue of RfP	18.12.2018
2.	Submission of written clarification / amendments if any, on the RfP / RfP Documents by the Bidders.	24.12.2018
3.	Pre-Bid Meeting	27.12.2018
4.	Revision of RfP and RfP Documents (if required) and issuance of revised RfP and RfP Documents	01.01.2019
5.	Last date for submission of Bid	22.01.2019
6.	Scrutiny of the Non-Financial Bid and publication of shortlisted bidders on UREDA website	31.01.2019
7.	Financial Bid Opening	04.02.2019
8.	Approval of Bids and publication of selected bidders on UREDA website	Upto 20.02.2019
9.	Submission of Contract Performance Guarantee (CPG) by selected Bidder (s) as per Clause 2.19	Upto 6.03.2019
10.	Issuance of Project Allotment Letter (Zero Date)	Upto 25.03.2019
11.	Signing of PPA	25.06.2019 (Zero Date+90 days)
12.	Completion of the following tasks: a. Financial closure of the project. b. Land Allotment/ Land Purchase. c. Grant for Grid Connectivity.	25.01.2020 (Zero Date+300 days)
13.	Commissioning of Solar PV Power Plant	25.03.2020 (Zero Date+365 days)

1.6 The Petitioner also submitted that as per Solar Energy Policy, 2013 as amended from time to time, the time schedule for completing the Solar PV plants is 12 months from the date of allotment. Hence, the selected developer may commission their Solar PV plants up to March 2020.

1.7 Accordingly, UREDA requested the Commission to allow the extension of Control Period of the benchmark capital cost & generic tariff as determined by the Commission under RE Regulations, 2018 for the Solar PV Plants commissioned during FY 2018-19 upto March, 2020 for upcoming Solar PV Power Plants (cumulative capacity of 200 MW).

1.8 The Petition was heard on 22.01.2019 and during the hearing, UPCL requested the Commission to provide a penal clause while extending the benchmark capital cost & generic tariff specified by the Commission for FY 2018-19 upto March, 2020 so that

selected bidders commission their plant within stipulated time and without any further delay. The request of UPCL has been dealt in subsequent Paras of this Order. Subsequently, the Commission admitted the Petition and reserved the judgement vide Order dated 22.01.2019.

2. Commission's Views & Decisions

- 2.1. In the present Petition, UREDA has requested the Commission to extend the control period of benchmark capital cost & generic tariff as determined by the Commission vide RE Regulations, 2018, upto March, 2020 for upcoming Solar PV Power Plants (cumulative capacity of 200 MW).
- 2.2. With regard to Control Period, Regulation 11 of RE Regulations, 2018 specifies as follows:

"11. Control Period or Review Period

(1) The Control Period or Review Period under these Regulations shall be of five years, of which the first year shall be the financial year 2018-19.

Provided that the benchmark capital cost of Solar PV, Canal Bank & Canal Top Solar PV, Solar Thermal, Municipal Solid Waste based power projects, Refuse Derived Fuel based power projects and Grid interactive Roof Top and Small Solar PV projects may be reviewed annually by the Commission.

Provided further that the tariff determined as per these Regulations for the RE projects commissioned during the Control Period, shall continue to be applicable for the entire Tariff Period."

(Emphasis added)

The Commission vide RE Regulations, 2018 has specified the benchmark capital cost & generic tariff for solar energy based power plants applicable for FY 2018-19 which may be reviewed annually by the Commission.

- 2.3. The Petitioner, in the Petition, has requested the Commission to extend the Control Period of benchmark capital cost & generic tariff as determined by the Commission vide RE Regulations, 2018 for FY 2018-19 upto March, 2020 for upcoming Solar PV Power Plants (cumulative capacity of 200 MW). Further, the Petitioner vide letter dated 23.01.2019 submitted that the Petition was filed on 10.12.2018 and RfP was proposed to be issued by 18.12.2018 and since the Commission heard the matter on 22.01.2019, RfP could be issued only in the first week of February, 2018. Accordingly, the Petitioner requested

the Commission to extend the said Control Period upto June, 2020.

- 2.4. It is pertinent to mention that the Petitioner had submitted that the RfP was proposed to be issued in FY 2018-19 wherein tariff determined by the Commission for solar energy based power plants FY 2018-19 was to be taken as base rate/ceiling rate for the reverse tariff bidding. Further, schedule completion time for the solar PV project is twelve months as per Solar Energy Policy, 2013. Accordingly, the commissioning of the solar PV plants will fall in FY 2019-20. Hence, the extension for the control period is required so that the same rate may remain effective for the next Control Period, i.e. FY 2019-20.
- 2.5. From the submissions of the Petitioner, the Commission has observed that UPCL vide letter dated 02.06.2018 had requested UREDA for arrangement of 200 MW solar power, in accordance with the provisions of the Solar Energy Policy, 2013 to achieve the Renewable Purchase Obligation as specified by the Commission from time to time and subsequently, UREDA took around six months for filing the present Petition before the Commission for approval on the subject matter.
- 2.6. The Petitioner had filed the present Petition on 10.12.2018 and had proposed to issue the RfP within one week, i.e. by 18.12.2018, and had thus, considered only one week for the regulatory approval. Here, it is worth mentioning that the Petitioner, based on its past experience of filing Petitions before the Commission on various matters, is well aware of the time required for the activities involved in regulatory approval process such as, hearing proceedings, submission of reply & rejoinder etc. However, while preparing the tentative schedule for initiating the bidding process, the Petitioner has considered only one week for the same.
- 2.7. Further, it appears from the tentative time schedule submitted by the Petitioner that around three and half months have been proposed for the activities related to selection of successful bidders and issuance of project allotment letters. In this regard, it is pertinent to mention that it is not a new experience for the Petitioner as similar type of competitive bidding activities have been conducted by the Petitioner in the past years also for development of solar energy based power plants in the State of Uttarakhand. Accordingly, the Petitioner should compress the time schedule w.r.t. procedures for selection of successful bidders and strive to complete all the activities related to the

selection of the successful bidders within two months and issue allotment letters to the successful bidders by the March, 2019 compulsorily so that these proposed solar PV plants can be commissioned by March, 2020 in accordance with the scheduled completion time as specified in Solar Energy Policy, 2013. Further, considering the impending Lok Sabha elections, it is perceived that this process would likely get delayed due to imposition of model code of conduct. Therefore, based on UREDA's request vide its letter dated 23.01.2019, the Commission allows extension of benchmark capital cost and generic tariff for FY 2018-19 upto June, 2020 for upcoming Solar PV Power Plants (cumulative capacity of 200 MW) beyond which no extension shall be allowed for whatsoever reason.

2.8. Further, UPCL during the hearing had requested the Commission to provide a penal clause while extending control period of the benchmark capital cost & generic tariff specified by the Commission for FY 2018-19 upto March, 2020 so that selected bidders commission their plant in time bound manner without any delay. In this regard, the Commission directs UPCL and UREDA to incorporate a penal clause in the RfP based on the mutually agreed terms.

2.9. Ordered accordingly.

(Subhash Kumar)
Chairman